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Teshima, Tomotake

America's trade relations
with Japan

[San Francisco]

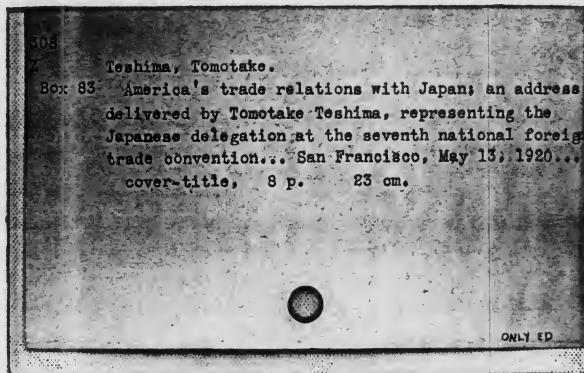
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AMERICA'S TRADE RELATIONS WITH JAPAN

AN ADDRESS DELIVERED BY

TOMOTAKE TESHIMA

REPRESENTING

THE JAPANESE DELEGATION AT THE SEVENTH
NATIONAL FOREIGN TRADE CONVENTION

CIVIC AUDITORIUM

SAN FRANCISCO

MAY 13, 1920

208

COMPLIMENTS OF
THE JAPANESE DELEGATION

JAPANESE DELEGATES
TO THE
SEVENTH NATIONAL FOREIGN
TRADE CONVENTION

SAN FRANCISCO
MAY 12-15, 1920

KEIKICHI DOI,
Manager Toyo Kisen Kaisha, San Francisco, Cal.
TOYOJI IWAI,
Director Iwai & Co., Osaka, Japan.
SADAJIRO KUMIYA,
Manager Shimazu Seisakusho, Kyoto, Japan.
TORU MATSUNAGA,
Manager Kuhara Trading Co., San Francisco, Cal.
EINOSHIN NAITO,
Manager Nozaki Bros., San Francisco, Cal.
SHOICHI OKUDA,
Representative Yuasa Trading Co., Kobe, Japan.
TADASU SAKASAI,
Director Uchii Trading Co., Kobe, Japan.
SHUZO SHIMATANI,
Representative Mitsubishi Goshi Kaisha, Tokio, Japan.
TSUNESABURO SHIMAZU,
Director Nippon Electric Cell Co., Kyoto, Japan.
SEIJIRO SHINOZAKI,
Manager Furukawa & Co., Ltd., New York, N. Y.
TOMOTAKE TESHIMA,
Manager Mitsui & Co., Ltd., San Francisco, Cal.
MIZUTARO WATANABE,
Representative Nippon Yusen Kaisha, Tokio, Japan.

AMERICA'S TRADE RELATIONS
WITH JAPAN

MR. CHAIRMAN, LADIES AND GENTLEMEN:

It will not be denied, I think, that trade, like all other human pursuits, follows the line of least resistance. Other things being equal, it will flourish best between peoples which preserve relations of friendship. People at war with each other do not trade. People who hate or dislike each other make few exchanges. It is invariably the case that suspicions of injustice or discrimination tend to hold people apart and discourage business relations. Such discouragements are often based on ignorance or misunderstanding. It is not too much to say—however trite the saying—that the first and primary basis for trade between nations, as between individuals, is *peace and good understanding*.

Entirely aside, however, from any ethical or racial questions involved, it is undoubtedly true that the people of Japan and America will do more business with each other if they can only learn to like each other a little better. As a business man I feel justified in talking plainly to other business men, and that is what I think we are here for at this time. If our main object is trade, we must do the things which tend to *make trade*, and we must refrain from doing those things which frighten trade away. The basis, then, of those relations under which trade will flourish are justice, fair play, patience, and the open mind.

I am fully aware that much of the agitation against my people in certain parts of this country has its origin in the twin evils of ignorance and demagogic politics; and I am aware, furthermore, that it is the sane conservatism of men like yourselves which holds this tendency in check. You stand for fair play, not only because you are just men, but because you are business men. You know that fair play, in the long run, is the best and wisest policy.

And this leads me to cite several recent instances in this state which illustrate the mistake which I fear is being made by those people of this community who really desire a growth of commercial relations with Japan.

On the 24th of last month a Los Angeles newspaper published a story to the effect that the Japanese authorities at the port of Kobe were doing dirty work. They were charged with delaying shipments, pilfering goods, stealing trade secrets, and generally interfering in a dishonorable manner with the trade

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between the United States and China. The paper publishing this libel had the affrontery to quote the San Francisco Trade Club as its authority, and to use the name of a highly honorable official of that club as sponsor for the charges.

Another instance is that of an offensive picture recently thrown upon the screen by a local theater, the tendency of which was to create racial prejudice and stir up ill-will between the American and Japanese people.

Some weeks ago the papers of this city were filled with sensational stories of travelers returning from the Orient, charging Japanese subjects with tapping the cable between Guam and Manila and lifting foreign business off the wires.

Although prompt and careful investigation developed the utter falsity of these charges, I mention the matter now because I believe that here is a chance to do something which will make trade with Japan easier. I conceive it to be the duty of an organization of this kind to nail and deny unfounded slanders of this character wherever found, and I sincerely believe that upright merchants and business men on both sides of the ocean will frown these things down whenever they can. Japan wants to build up her trade with America but she wants to build it on honor and square dealing. She freely admits that she has much to learn, but her outlook upon the future will seem more hopeful when she can feel sure that her business men have the support of the business men of the United States in heading off slanderous misrepresentations.

In this connection I venture to suggest that the early creation of some proper organization for the arbitration of questions arising between us would be extremely beneficial. This suggestion has not only been made on a number of previous occasions by prominent men of both countries but has only recently been discussed, I understand, by the Committee on Japanese-American Commercial Relations, along with other vital and important matters.

Among these latter is the matter of an improved cable service which was, I believe, taken up by the committee at Tokio, and I trust that any obstacles now in the way of the accomplishment of such project, may soon be removed, thus saving millions of dollars to the business men of America and Japan.

The establishment of an International Trade Association to consider all questions of mutual interest to both countries, with powers of arbitration, as already suggested, seems to me advis-

able. The importance of the trade between the United States and Japan fully justifies such measures, as the statistics show.

A glance at the figures for the three years of 1916, 1917, and 1918 show that the trade of Japan with the United States, during each of those years, was greater than her trade with any other country.

For instance:

In 1916 the total foreign trade of Japan amounted to 1,900,000,000 yen. Of this amount 500,000,000 yen was with the United States.

In 1917 the total trade of Japan was 2,700,000,000 yen, of which 840,000,000 yen was with the United States.

In 1918 the total trade was 3,700,000,000 yen, of which 1,160,000,000 was with the United States.

The total Asiatic trade of the United States was as follows during the three years in question:

	Total	With Japan
1916	\$ 720,000,000	\$225,000,000
1917	\$1,000,000,000	\$350,000,000
1918	\$1,300,000,000	\$600,000,000

During the same period the trade of the United States with China, including the British and French leased territories, was \$98,000,000 in 1916, \$144,000,000 in 1917, and \$160,000,000 in 1918.

Mr. K. K. Kawakami has shown in his interesting article in the current issue of "Japan" that, while Japan's sixty million people purchase two hundred and seventy million dollars worth of American goods, the four hundred millions of China purchase only forty-three million dollars worth of American merchandise. In other words, Japanese purchases of American goods in 1918 were \$4.50 per capita, while Chinese purchases amounted to 10 cents per capita.

The United States is undoubtedly Japan's best customer, but, at the same time, it will be noticed that Japan is the best customer of America in the Orient.

Japan, as you know, has made great economic progress as the result of the war, particularly in shipbuilding, manufacture, and trade. I am sorry that I have not the time to illustrate more fully, but the Japanese delegation will be glad to give you, upon request, full information as to the individual branches of industry in which you may be interested.

Concerning current economic conditions in Japan, it may be said that there has been, as in many similar cases, an over expansion of credits with too much speculation as a natural result, and

this has made it necessary for the banks to restrict credits and that, coupled with the unusually large excess of imports during the first quarter of 1920, caused some excitement, resulting in the failure of various commercial houses. The opinion of experts, however, seems to be optimistic as to the final outcome of the present depressed conditions, though it may be some time before business resumes its normal course. I am in hopes that when the period of reaction is over the financial situation in Japan will take a more stable basis than before, with much of the speculative and objectionable element weeded out.

Prices of commodities have gone up considerably during the last few years and the United States is not the only country in which people suffer from the high cost of living. There are some who fare even worse than those of this country. Taking the price of commodities in January, 1913, as 100, in December, 1918, they were 222 in Tokio, 223 in London, and 196 in New York. At the close of 1919 prices stood at 290 in Tokio, 270 in London, and 215 in New York. At the end of January, 1920, Tokio prices were 304, London 284, and New York 221.

The labor question in Japan may still be in its infancy, but during the last year or two marked changes have taken place. We have been obliged to face many difficult problems and the whole question is receiving the serious attention of persons representing capital and labor. Sabotage and strikes have been prevalent in many industrial plants and among public service employees, but, so far, the laboring classes have not been well organized. It should be mentioned that Japan's labor is no longer so cheap as in days gone by, and this should be of considerable interest to American exporters, as labor-saving appliances will be much more in demand in Japan than at any time before in her history.

The fact that this convention is held in San Francisco has much significance from the viewpoint of Oriental trade and we are glad to realize that the National Foreign Trade Council has seen its advisability. As Japanese we are particularly interested in the industrial expansion of this coast, as it means more business and closer relations between Japan and the United States.

The delegates from Japan, who are here in a body, have prepared and submitted to your secretary a number of questions which may be of importance in the discussion of matters relating to Japanese-American trade, our hope being that they may serve as a basis for further discussion, and we will be glad to take up the details of these questions with any who are interested.

Recommendations by the Japanese Delegation to the Seventh National Foreign Trade Convention

1. ESTABLISHMENT OF INTERNATIONAL TRADE ASSOCIATIONS.

The development of trade relations between the United States and Japan is creating many problems that demand attention. In the solution of these problems lies the hope of improvement in international commerce.

With that end in view, we respectfully recommend that an association be organized by business men of the two countries, for the promotion of mutual good-will and the interchange of accurate information regarding business conditions in both countries.

Such an organization is an urgent necessity and the present Foreign Trade Convention affords a happy occasion on which steps in that direction might be taken.

2. INTERNATIONAL TRADE ARBITRATION.

There is at present no organized system of international arbitration governing trade disputes between the United States and Japan.

The lack of such an organization duly recognized and qualified, has been the cause of much difficulty among merchants of both countries. We, therefore, respectfully recommend the establishment of a permanent Arbitration Board by the Chambers of Commerce of the United States and Japan whose rulings will govern all commodities except those for which special arrangements now exist.

3. IMPROVEMENT OF THE TRANSPACIFIC CABLE SERVICE.

The congestion of the transpacific cables and the consequent delay in the transmission of messages during the past few years has caused great inconvenience and loss to the merchants of both the United States and Japan.

With the steady increase of business between our two countries, this congestion will become worse unless some means is taken to provide better cable facilities.

We, therefore, respectfully recommend that business men of both countries co-operate in devising ways and means for the necessary improvement, which is one of the imperative needs of business.

4. GREATER CARE IN SHIPMENTS.

While price and quality of merchandise are important factors of trade, proper delivery of goods is equally important. Improper shipments and particularly delay of shipments have caused great loss and inconvenience to traders and provoked serious complaints. We respectfully call attention to this matter, for unless greater care is given by producers and manufacturers to this important phase of international commerce, wholesome development of trade can not be achieved.

5. DEVELOPMENT OF INDUSTRIES ON THE PACIFIC COAST.

Because of proximity and favorable location in its relation to Oriental markets, the development of manufacturing industries on the Pacific Coast is of particular interest to Japanese merchants. This will not only do away with the delays of overland freights, but will also eliminate heavy freight charges. We are eager to know what possibilities there are for the establishment of greater manufacturing industries on the Pacific Coast. Such industries, if established, will undoubtedly find large and profitable markets in the Orient. We shall appreciate any information regarding this matter.

6. CREATION OF BETTER PUBLIC SENTIMENT.

Serious misunderstandings and impediments to trade relations between our two countries may be caused by false and misleading statements on the part of the press and of individuals on both sides, or by the presentation of objectionable pictures on the screen.

It is our hope that Chambers of Commerce and other foreign trade organizations will exercise their influence to correct such misinformations or misstatements as may prove prejudicial to harmonious commercial relations between the two countries.

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